

Message Text

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FM SECSTATE WASHDC

TO CINCPAC

USSAG

S E C R E T STATE 080700

EXDIS

MILITARY ADDRESSEES SHOULD HANDLE AS SPECAT.

FOLLOWING SENT ACTION SECSTATE WASHDC APRIL 28, 1973 FROM
PHNOM PENH IS REPEATED TO YOU: QUOTE

S E C R E T PHNOM PENH 4018 O

EXDIS

DEPT PASS AID, SECDEF, CJCS, CINCPWC, USSAG

E. O. 11652 GDS

TAGS: CB, EAID, ECON, MASS, MCAP

SUBJ: SUGGESTIONS FOR ACTION BY THE NEW GKR HIGH POLITICAL COUNCIL

1. DURING A CALL ON MARSHAL LON NOL APRIL 26
(REPORTED SEPARATZLY), I LEFT WITH HIM AN INFORMAL
LIST OF ACTIONS WHICH I SAID I HOPED THE NEW HIGH
POLITICAL COUNCIL WOULD CONSIDER IMPLEMENTING IN
THE ECONOMIC AND MILITARY SPHERES. THE SUGGESTIONS
WILL NOT COME AS A SURPRISE TO ANYONE FAMILIAR WITH
THE GKR' S PROBLEMS, BUT THEY ARE PROVIDED BELOW (IN
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ENGLISH TRANSLWTION) AS POSSIBLY USEFUL INDICATORS

OF THE PRIORITY ACTIONS TO BE TAKEN AS WE SEE THEM.

2. SUGGESTIONS IN THE ECONOMIC SPHERE

A. THE MINISTER OF FINANCE SHOULD BE A STRONG MAN, ABLE TO MONITOR THE OTHER MINISTRIES (COMMERCE, AGRICULTURE, INDUSTRY) AND TO ENFORMCE ECOMOMIC AND FINANCIAL DECISIONS OF THE HIGH POLITICAL COUNCIL AS WELL AS THE MINISTRY OF NATIONAL DEFENSE AND THE FANK.

B. CONTINUED COOPERATION WITH THE INTERNATIONAL MONETARYHUND IS INDISPENSABLE.

C. IN ORDER TO AVOID A DISASTROUS INFLATION THE GOAL OF LIMITING THE INCREASE OF MONEY IN CIRCULATION TO 25 PERCENT IN 1973 SHOULD BE PROPOSED. TO ACHIEVE THIS IT IS NECESSARYHTO:

(1) LIMIT BUDGETARY EXPENDITURES TO A MAXIMUM OF 37 BILLION RIELS.

(2) ELIMINATE SUBSIDIES OF LOCAL RICE, ELECTRICITY, WATER, AND PETROLEUM PROBUCTS.

(3) INCREASE THE BUDGET INCOME:

(A) EXAMINE MEASURES TO COLLECT EXISTING TAXES IN EFFORT MORE EFFICIENTLY. THE WOR OF THE MINISTRY OF FINANCE IN THIS AREA IS INADEQUATE.

(B) ASK THE SUPPORT OF THE IMF FOR AN URGENT REVISION OF THE TAX SYSTEM IN ORDER TO INTRODUCE NEW TAXES AND ADJUSTO OTHERS.

(4) ENCOURAGE DOMESTIC PRODUCTION:

(A) FAVOR EXPORT BY APPLOYING MEASURES ADVWNTAGEOUS TO EXPORTERS, FOR EXAMPLE, OF RUBBER.

(B) FAVOR DOMESTIC PRODUCTION OF PRODUCTS WHICH CAN BE SUBSTITUTED FOR IMPORTS, FOR EXAMPLE, BATTERIES.

(C) INCREASE CULTIVATION OF RICE BY PURCHASE OF TRACTORS AND SPARE PARTS AND BY IMPROVING SECURITY IN BATTAMBANG PROVINCE.

(5) MAINTAIN A REALISTIC EXCHANGE RATE IN ORDER TO ABSORB EXCESS MONEY INCIRCULATION. THE DEPRECIATION OF THE RIEL, ACCORDING TO CALCULATIONS, SHOULD REACH ABOUT 50 PERCENT DURING THE COURSE OF 1973, I. E. FROM 200 RIELS TO THE U. S. DOLLAR IN JANUARY TO 300 RIELS IN DECEMBER.

3. SUGGESTIONS IN THE MILITARY SPHERE:

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A. CONTINUE THE REORGANIZATION OF THE FANK ACCORDING TO THE PRINCIPLES ESTABLISHED IN THE BASIC GENERAL STAFF DIRECTIVES:

-- ISP NO. 9923/ G3/ EMG/ OPS/ X, DATED 6 DEC. 1972

-- ISP NO. 10, 227/ EMG/ OPS/ X, DATED 18 DEC. 1972

FILL OUT EXISTING UNITS ; REFRAIN FROM CREATING NEW UNITS.

B. BEGIN TO RECRUIT IMMEDIATELY, WITHOUT WAITING FOR THE APPLICATION OF OBLIGATORY MILITARY SERVICE. PUT THE RECRUITS IN GROUPS OF 100 MEN FOR EFFICIENT CONTROL AND SEND THEM TO TRAINING CENTERS. THE HIGH COMMAND SHOULD

KEEP THESE RECRUITS AT ITS DISPOSAL DURING TRAINING.

C. FILL THE TRAINING CENTERS. THE OFFICERS' SCHOOL AT KOMPONG CHHNANG IS A PARTICULARLY URGENT CASE; A TRAINING CENTER FOR NON-COMMISSIONED OFFICERS SHOULD ALSO BE CREATED IMMEDIATELY.

D. IMPLEMENT REFORMS ALREADY UNDERTAKEN IN ORDER TO ENSURE THAT THE CIVILIAN SIDE OF THE GOVERNMENT GIVES SUFFICIENT CARE TO WAR INVALIDS, WIDOWS AND ORPHANS.

E. BASE PROMOTIONS ON PERFORMANCE ON THE BATTLEFIELD AND ON MERIT, AND NOT ONLY ON THE DATE OF THE LAST PROMOTION.

F. ELIMINATE SUPERFLUOUS PERSONNEL FROM THE GENERAL STAFF AND THE MINISTRY OF NATIONAL DEFENSE: NOTARIES, BODYGUARDS, CHAUFFEURS, AND SECRETARIES. SEND ALL HEALTHY MEN TO THE FRONT. GATHER TOGETHER ALL MILITARY PERSONNEL IN PHNOM PENH WITHOUT PROPER DOCUMENTS AND SEND THEM TO THE FRONT.

G. HAVE THE GENERAL STAFF, THE FANK, AND THE MINISTRY OF NATIONAL DEFENSE AND THE CIVILIAN MINISTRIES WORK LONGER HOURS.

H. GIVE PRIORITY TO THE PERSONAL NEEDS OF THE FIGHTING MEN. ENSURE THAT THEY ARE SUPPLIED, FED, AND PAID AS NECESSARY AND AT THE PROPER TIME. REQUIRE REGULAR REPORTS ON COMBATANTS; CHARGE THE INSPECTOR GENERAL WITH INFORMING THE COUNCIL DIRECTLY ON THESE QUESTIONS.

I. IMPOSE PUNISHMENT AS AN EXAMPLE ON CORRUPT MILITARY PERSONNEL.

J. TRANSFER IMMEDIATELY THE NECESSARY FORCES REQUIRED IN THE SPECIAL MEKONG ZONE.

K. ARRANGE REGULAR BRIEFINGS FOR THE HIGH POLITICAL COUNCIL ON THE MILITARY SITUATION IN EACH MILITARY REGION.

L. APPLY THE PHILOSOPHY THAT THERE ARE NO BAD UNITS, ONLY BAD COMMANDERS. REQUIRE THAT COMMANDERS STAY WITH THEIR TROOPS AND TAKE RESPONSIBILITY FOR WHAT EACH UNIT DOES OR DOES NOT DO.

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NOT DO; PUNISH ABSENT COMMANDERS. PREVENT MILITARY PERSONNEL FROM TAKING SECOND JOBS OUTSIDE THE FANK.

M. REQUIRE THAT SOLDIERS AND OFFICERS ALWAYS BE IN UNIFORM.

N. DO NOT CONVOKE COMMANDERS FROM THE FRONT. VISIT THEM AT THE FRONT IN ORDER TO GIVE THEM INSTRUCTIONS.

O. ARRANGE FREQUENT VISITS TO THE TROOPS BY HIGH OFFICIALS. SWANK UNQUOTE ROGERS

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